

## Drop in small biz failure rate

THE failure rate for established businesses has dropped in the last year, the Global Entrepreneur Monitor's (Gem) 2014 global report reveals.

There are signs that things are improving, with South Africa's discontinuance rate having fallen from 4.9% in 2013 to 3.89% last year. This is only slightly above its 2009 level, but still higher than its 2005 level of 2.9%. But it's still below the discontinuance rates of other efficiency driven economies (which averaged at 4.5%, up from 4.2%).

Financier Business Partners' managing director Nazeem Martin says the decline in the bad debt levels confirm the findings in the Gem report.

"The findings confirm what we have experienced with our clients - all of whom are small businesses," says Martin. He says that using payments of clients who were in arrears, one could argue that while the level of distress experienced by small businesses remained high, there have remained constant signs of a slight improvement over the last year.

Things would be far better still, if more South Africans started a businesses, but just as important, is how to ensure that more stick around and not fail.

However, there is also bad news with the percentage of adult South Africans involved in starting a business plunging by over a third.

The report, released in February, reveals that the percentage of adults involved in a business less than three-and-a-half years old (the TEA rate) fell to 6.97% last year from a 13-year high of 10.6% in 2013.

The fall means South Africa

### Business is brewing...



Sihle Magubane is the owner of Sihle's Brew. Turn to page 8 to read how he landed a contract that will soon net him an estimated R720 000 per year.

dived from ranked a modest 35 out of 68 countries in 2013, to a worrying 56 out of 69 countries in 2014.

This, while the percentage of South African adults running established businesses (firms older than three and a half years) slipped from 2.9% to 2.68%.

South Africa continues to perform below similar efficiency driven economies, where the average early-stage entrepreneurial activity (TEA) rate is 14% of adults, while that of established businesses is 4.5%.

"When one looks at the TEA rates of different countries and

compares these to the GDP per capita in the country, a 'line of best fit' shows that South Africa should have a TEA rate in the region of 14%, which, if achieved, would go a long way towards reducing unemployment and alleviating the poverty experienced by much of its population," says Gem executive

director Mike Herrington.

This is the 13th year that South Africa has participated in Gem research. Spokesman for the Department of Small Business Development Cornelius Monama said the department would study the report to devise appropriate policy responses.



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house of  
beauty

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# Win with furniture design

BY STAFF WRITER

DO you have a smart way to improve the furniture in public waiting areas? You could walk away with prizes worth R100 000.

Established furniture designers and final-year design students have until the end of August to enter the Department of Trade and Industry's national furniture design competition. The competition is run in partnership with the South African Bureau of Standards (SABS) Design Institute, the Industrial Development Corporation, furniture technology incubator Furntech and engineering software company McCad Solidworks.

The theme of this year's edition of the competition, which was launched at the annual Design Indaba Expo in Cape Town in February, is "Future Public Spaces" and focuses on the design of furniture for the seating or waiting areas of public institutions.

The department's chief director of agro-processing Unathi Speirs says the competition aims to promote entrepreneurs that specialise in furniture design and to assist them to improve their design skills.

"The furniture-manufacturing industry is an important sector in the South African economy. It has a potential to contribute to the reduction of unemployment, increase exports and develop the small, medium and micro enterprises," says Speirs.

Jess Kuhlenthal, an industrial design student at the Cape Peninsula University of Technology who clinched first prize last year, says she was overwhelmed at being pronounced the winner.

"I entered the competition without expectation. But then to go onto exhibit at the Design Indaba and to win the competition is massive for me," says Kuhlenthal. Her winning design was a coffee table that consists of three right-angled triangles which are interchangeable. She says while heads of some furniture companies who attended the indaba, showed interest in her design, she had yet to receive any offers. The fourth-year student says there are not a lot of employment opportunities in industrial design in the country and plans to start her own design business once she graduates.

"This (my own business) will give me the opportunity to take advantage of the recognition and the interest (in my designs) that this competition made possible," she says. The head of the SABS Design Institute Gavin Mageni says every small business needs a platform to showcase new inventions to generate new clients and improve their sales.

"The competition is not only an opportunity to show off new



Jess Kuhlenthal with Unathi Speirs, chief director of agro-processing at the Department of Trade and Industry.

products, but also to create sustainable businesses through design," he adds.

Mageni says furniture design, such as that for school furniture, office furniture and mattress bases, is one of the sectors that has been designated by the Department of Trade and Industry for local content procurement.

"Therefore, the furniture design competition is important to showcase the capabilities of local designers and manufactures to produce and meet the requirements of this policy directive," he says. Those who want to enter the competition will be expected to provide technical drawings of the product, a description of materials

to be used in the production, as well as the description of and the concept behind the design. There is no registration fee to enter. Entries will be judged on the usability of the design, the degree of innovation, ease of manufacturing, commercial viability, use of local material and the use of wood or natural products.

## Two more centres open

BY NABELAH FREDERICKS

IN a bid to boost the offering of sector-based business support to aspirant business owners, the Department of Small Business Development is partnering with Technical Vocational Education and Training colleges to launch 20 Centres for Entrepreneurship across the country.

Last month saw the launch of two new such centres – one in the Western Cape and the other in Mpumalanga. Both will focus on the hospitality sector.

Speaking at the launch of False Bay College centre in the Western Cape, the Minister of Small Business Development Lindiwe Zulu said more had to be done to encourage youth to start their own businesses, in order to address poverty and unemployment.

"The inescapable fact is that the most competitive nations are those that have the highest levels of entrepreneurial activity," said Zulu.

She added that the launch was in line with the department's mandate to "lead an integrated approach" to the promotion and development of small businesses and cooperatives.



Steve Reid

The addition of the two new centres brings to four the total number of centres for entrepreneurship in operation. In October last year a centre which focuses on welding was launched at the Ekurhuleni West College in Gauteng, while a centre which focuses on agri-business was opened at the King Hintsa College in Butterworth in the Eastern Cape in the same month. Both began accepting applications in January. Nomantombi Mkaza, the department's programme manager for centres of entrepreneurship, says the centres are primarily aimed at aspirant and practising entrepreneurs.

"The centres have different focus areas as they are sector-based. All centres will focus on providing skills in key economic areas that will respond to (that area's) economic needs," says Mkaza.

Steve Reid, the centre manager at False Bay College, says his centre will target students at the college and small businesses from Khayelitsha and Mitchells Plain.

"The selection of students is a vital step. All students may apply through the centre but will have to undergo a selection process," says Reid. He adds business incubation will kick off in 2016.

"We are hoping to do an uptake of 20 students per year from 2016 onwards. In the interim we are running short and focused workshops," says Reid.

He says that learning and coaching is a key input in incubation and adds that should the college have further capacity, he would like to see the centre broaden its reach in the community. He admitted, however, that this could have cost implications.

• For more information, go to [www.falsebay.org.za](http://www.falsebay.org.za) and [www.gscollege.co.za](http://www.gscollege.co.za).

### EDITORIAL

NOT all news is bad news.

This is especially true when it comes to this month's edition of Small Business Connect.

Our front page features the latest from the Global Entrepreneur Monitor's 2014 report released in February.

Many other media outlets chose to go with the finding that South Africa's entrepreneurship levels have dropped by 34%.

As alarming as that is, we did not come across too many media reports on the good news. And, the report does hold good news as is evident on our front page.

It is for this reason that we zoomed in on the finding that the failure rate of established businesses (older than three-and-a-half years) in this country has dropped. The finding by Gem is also backed up by the loan defaults decline at Business Partners (read the full story on page 1).

The news looks even better when combined with the fact that South Africa's failure rate for established businesses has dropped compared to those countries listed in the same category as per Gem's measurement.

Yes, it does not make the statistic on the number of people failing to start a business levels any better. But, we hope that it inspires those who are already in business to be successful by continuing on their path, doing what they are doing.

Speaking of success – we have a few really inspiring stories on page 6 this month!

Read Nondumisa Kafile's story on how she is expanding her House of Beauty after starting her business at her home using money from a stokvel. She now has two branches in Port Elizabeth and has managed to grow her turnover by 20%.

On the same page we feature a Soweto mother who held on to a recurring dream to start her own business. Today, she runs a successful business in a traditionally male-dominated industry. Read her story on how she turned her dream into a "well-oiled machine".

Other successes for the small business sector include, the Global Entrepreneur Network's decision to award South Africa the honour of hosting the 2017 Global Entrepreneurs Congress in Johannesburg and the launch of two new centres for entrepreneurship last month with 16 more to follow.

Happy Reading!

**Nabelah Fredericks**  
News editor

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# SA to host global congress

BY DANIEL BUGAN

SOUTH Africa is set to host the country and the continent’s first-ever Global Entrepreneurship Congress in 2017.

The announcement was made last month by the Global Entrepreneurship Network, an organisation which represents policymakers and entrepreneurs from around the world during the opening ceremony of this year’s congress held in Milan, Italy.

South Africa’s bid to host the event was initiated by the Johannesburg Convention Bureau, Absa and global research and development company SEA Africa. The event, held annually in March, has been running since 2009.

The Minister of Small Business Development Lindiwe Zulu said she was confident that the event would help sustain the momentum of an entrepreneurial revolution that was sparked by the formation of the ministry.

“Like we did with the 2010 FIFA World Cup, Johannesburg promises to stage the best Global Entrepreneurship Congress ever!” said Zulu who represented the country at this year’s congress in Italy. She added that the event was a “powerful platform” to learn what other successful nations are doing to promote and sustain enterprise development. As part of her objective to identify opportunities for South African small businesses, Zulu met with Italian companies and agencies.

“As government, we remain



Minister of Small Business Development Lindiwe Zulu with MEC for Economic Development for the City of Johannesburg Ruby Mathang

open and receptive to new policy ideas that will help accelerate the formation of new businesses and sustainability of existing ones. We see the GEC as a powerful platform to learn what other successful nations are doing to promote and sustain enterprise development”,

said Zulu.

Kizito Okechukwe, executive head of SEA Africa, says hosting the GEC 2017 is a great opportunity for both African and South African entrepreneurs to showcase the continent’s entrepreneurial prowess to the

world and to take advantage of networking opportunities.

“I expect GEC 2017 to create a new generation of industrialists and businesses in South Africa and to develop new business ideas, products and services. “I also expect our business

owners to develop sustainable partnerships with entrepreneurs from other countries and for the event to ignite a passion for entrepreneurship in our youth,” said Okechukwe.

The four-day event is expected to lure an estimated 4 000 delegates and reap about R45 million in opportunities for the hospitality, tourism and leisure sectors in Johannesburg alone, estimated Pumla Ntsele, deputy director of the Johannesburg Convention Bureau.

## More time to submit CF returns

BY STAFF WRITER

BUSINESS owners can breath a sigh of relief – they now have an extra two months to file Compensation Fund returns.

This, after the Department of Labour extended the deadline for return of earnings for employers registered with the fund to 31 May. The returns are basically an annual assessment fee paid to the fund to cover workers against occupational diseases, injuries and death. They are usually due by the end of March each year.

To file returns, employers must submit their contact details, the number of people employed for the year of assessment (1 March 2014 to 28 February 2015), the total earnings of each employee, an estimated headcount for the 2015 year of assessment (1 March 2015 to 29 February 2016) and estimated earnings for each employee for the 2015 year.

Madelein van der Watt, development manager at software solutions and services



Madelein van der Watt

developer Sage Pastel Payroll & HR, says the extension gives business owners more time to get their admin in order to acquire the letter of good standing.

“Some businesses, especially those in the construction industry, rely heavily on the letter of good standing that proves compliance with the COID (Compensation for Occupational Injuries and Disease) law. Without

it businesses cannot tender for government business,” says Van der Watt. The the letter of good standing aims to ensure that employees who are injured on site will be able to claim from the Compensation Fund and that the employer will not have to carry the additional costs of medical bills or wage payments during periods of their employee’s incapacity. Safety officers will not allow a new project to commence unless the company can produce a valid letter. The fund will only issue a letter of good standing if the if it meets the criteria below:

- The employer must be registered with the fund.
- Return of earnings submissions must be up to date.
- All assessments must have been completed to date.
- The employer must have settled all outstanding assessed debts.

However, Van der Watt says the extension shows that the Labour department is not running efficiently and that their systems are not reliable enough to allow returns and assessments to be

processed within a month’s time.

“The fact that it takes two months to collect returns and issue assessments using an online system which should have a high level of automation behind it compared to the one month it took when the whole process was completed manually only, should raise a flag for concern,” she says.

She advises business owners to submit their returns as soon as possible, despite the extension of return of earnings deadline.

“Buainess owners might have to wait for some time before an assessment is issued as it still needs to be paid and payment allocated before a letter of good standing can be issued,” she says.

Tsholofelo Majeng, owner of Maiktronic, says she wasn’t aware of the extension.

“In any case, it (extension) does not make much of a difference to me as I still need to pay off outstanding assessment fees,” says Majeng. There was no comment from officials at the Compensation Fund at the time of going to print.

"We see the GEC as a powerful platform to learn what other nations are doing"

Entrepreneurs and delegates from more than 150 countries are expected to attend the event. These delegates, which include policymakers, businesses and researchers, will focus on helping entrepreneurs start and grow new companies. Entrance to the event will be free and entrepreneurs in all sectors can register once the registration period commences. She said more information on the form of the event, who will attend and how entrepreneurs can participate will be communicated closer to the time. The first ever GEC took place in Kansas City, the US in March 2009. Since then the event has been held in the United Arab Emirates, China, Brazil, Russia and Italy.



# 30% set-aside for small biz

BY STEPHEN TIMM

SMALL businesses in South Africa may be in for a bonus, following the announcement in February by President Jacob Zuma that the government would set aside 30% of certain state procurement for small enterprises.

A number of countries already set aside a certain percentage of state procurement for small businesses (including the US, Brazil and South Korea). India this month became the latest to do so, as a policy which obligates state-owned enterprises and departments from its central government to source 20% of goods and services from small enterprises comes into effect.

The effect there should be dramatic, as a 2010 task force by then prime minister Manmohan Singh estimated that small firms’ share of this market was no more than 5%.

The question in South Africa now is what kind of set-asides the National Treasury, which has long been concerned that these could introduce market distortions such as raising the cost of state purchasing, will allow. The National Treasury’s spokesperson Phumza Macanda said treasury officials are engaging with the Department of Small Business Development to craft a suitable practice note governing set-asides. It previously blocked a move by the Department of Trade and Industry to get the state to buy 85% of 10 goods and services from small businesses.

The publication by the National Treasury of a procurement review in February, however, suggests that it is now more open to set-asides.

In the review it says measures to promote preference and socio-economic transformation would be conditional on these being able to keep cost premiums to a minimum and being aligned to Section 217(1) of the constitution.

The section reads that the state procurement is conditional on a “system which is fair, equitable, transparent, competitive and cost-effective”. In the review the National Treasury adds that procuring institutions and the private sector must also draft a code of conduct to ensure “sustainability, efficiency, cost-effectiveness and good-quality delivery”.

While there will likely be several challenges around set-asides, one will be that of pricing – particularly as big firms can because of economies of scale out bid small firms.

In India the government will effectively subsidise small businesses that do business with the state.

Should a big company out price a small business during a bid, the policy allows small firms to lower

their price to match that of the big company, if their price is no more than 15% higher.

India also has long had a priority purchasing programme – with currently 358 items reserved for purchase by the state from the small business sector.

In Brazil, a 2006 law which grants set-asides to small businesses, allows small suppliers a 10% cost premium. Among other things the law also gives priority to the sector for all purchases of under 80 000 reals (last year 72% of these contracts went to small businesses).

Last month Brazil’s Planning ministry revealed that between January and December last year the state procured 27% or 16.7 billion reals out of a total of 62.1 billion reals in goods and services from small and micro enterprises.

Since entering in force in 2008, small and micro firms have seen their share of procurement grow from 23%, touching 30% in 2013, according to the Planning ministry. But above what may help more than set-asides is a drive to move procurement online.

Key to note is that in 2013 small business in Brazil accounted for 42% of electronic purchases there, significantly higher than their overall share of state procurement. Notably e-procurement portals in Korea and Chile have increased the share of state contracts in value that go to small businesses



President Jacob Zuma announced that 30% of certain state procurement would be set aside for small businesses.

– from 55% to 75% in Korea between 2003 and 2010 and 24% to 44% between 2003 and the first half of 2013.

The expected launch of the National Treasury’s e-procurement portal this month is therefore

potentially an even bigger win for small businesses in South Africa. But given the limited availability of broadband outside main economic centres it will be essential that support on how to use the portal is given to small businesses in

outlying areas. Key too will be that the government’s national broadband roll-out, which commences this year, goes ahead smoothly. • For more information, go to [www.treasury.gov.za](http://www.treasury.gov.za).

## Tension still running high in EC

BY MAX MATAVIRE

DESPITE the announcement by President Jacob Zuma in February that 30% of certain state procurement would be set aside for small businesses, tension is still running high among Eastern Cape business owners who are demanding that the Nelson Mandela Bay Metro allocate 25% of its R9 billion in procurement spend to small businesses.

Last month Small Business Connect reported how two business forums – the Black Business Forum and the Walmer SMME Group – were embroiled in violent spats which led to the hospitalisation of business owners and the arrest of Luvuyo Popo, the head of the latter group.

Popo is currently out on R500 bail after appearing in court last month on assault charges. The violence stems from disputes over contracts. At the time of going to print, the Nelson Mandela Bay Municipality had not yet tabled its controversial small business preferential procurement policy before a full council.

A number of business



Mheli Peter

owners said they would launch an interdict to prevent the municipality from passing the budget as they had not consulted.

The municipality was forced to create the preferential policy after business owners alleged that they were unable to benefit

from the municipality’s R9-billion budget.

One of the main demands which has been included in this policy is that 25% of all municipal projects be set aside for small business owners. Another addition to the policy is that the metro and established companies are to mentor small suppliers to prepare them to tender for bigger projects to ensure that they not be left with just smaller subcontracts. The metro’s economic development and tourism portfolio councillor, Babalwa Lobishe, said all relevant stakeholders had been consulted in the drafting of the policy.

“We now have a draft policy which will be tabled before full council on 30 March. There has been extensive consultation with all roleplayers. The policy seeks to address the grievances of the SMMEs, and also to forge a cordial working relationship between the municipality and the small business sector,” said Lobishe.

However, Popo says his members were not part of the drafting of the policy.

“We do not know about that

document... we were not part of it. They have consulted with one group of business owners (the Black Business Forum) which they work with in sidelining us. We are going to court to interdict the passing of that policy,” said Popo.

Black Business Forum leader Mheli Peter refutes this. He maintains that the Walmer SMME Group was consulted and that they had chance to provide input in the drafting of the policy.

Meanwhile a business support hub for small businesses which was launched three months ago is yet open its doors as the municipality says it is still waiting for buy-in from the private sector.

The hub is to provide business mentoring, networking, office facilities like computers, faxes, telephones, advice and other relevant information.

“We are waiting for the private sector to pledge money. From the municipality’s side we are ready. We have provided accommodation in the form of offices and other facilities, but the private sector is yet to come in with the money,” said Lobishe.



# Last resort for tax disputes

**BY NABELAH FREDERICKS**

THE NUMBER of tax complaints filed with the Office of the Tax Ombud may have grown dramatically in the last tax year over the 2013/14 year, but its chief executive feels the number is still too low and says his office has embarked on an awareness campaign.

The Office of the Tax Ombud’s chief executive Eric Mkhawane says the ombud received 5 440 complaints in 2014/15, up from 670 in the office’s first period, between October 2013 and March last year.

Now, in a bid to spread the word about the office, the tax ombud has embarked upon a radio and print campaign via adverts and interviews with the media.

It will also hold meetings with sector bodies, such as the SA Institute of Chartered Accountants and the SA Institute of Tax Practitioners.

The office was set up in 2013 in terms of section 19 of the Tax Administration Act as a last resort for taxpayers, after they have exhausted all channels via the South African Revenue Service (Sars). The office is modelled on similar institutions in countries such as the Canada and the UK.

Retired Gauteng Judge President Bernard Ngoepe was appointed to head up the independent office as the tax ombud in 2013 to review and address complaints from taxpayers.

However, Mkhawane stressed that business owners who feel that there may be real risk that their business could go under before their complaint is resolved by Sars, can contact his office for help as provision is made for this in the act.

“The act provides for instances where it is not possible to wait for these channels to be exhausted and to come directly to the tax office. This is termed as ‘undue hardship’ and in the case where the business could go under, that would be cause for undue hardship. The problem is that our office is only mandated to deal with administrative, service and procedural-related issues,” says Mkhawane.

However, he says that in some instances an overall complaint has a component that falls under the office’s mandate, meaning it must then be referred to Sars.

Based on the 2014/15 figures from the tax ombud’s office, 80% of cases went in favour of taxpayers.

Although there are no figures specific to small business owners as yet, Mkhawane says he would estimate, based on the kind of complaints that come in, that value-added (VAT) tax refunds grievances are the most common complaint received from the sector. “So far we have not exclusively looked at small business owner

complaints as the office caters for all taxpayers, big and small.

What we can see is that the most common complaint that is coming from business owners is that their VAT refunds are not being paid timeously,” he says.

He says that this could be due to a number of issues, but believes the hold up stems mainly from the obligation Sars has to ensure that any refunds it makes are not fraudulent.

Business owners who wish to file a tax-related complaint can visit the tax ombud’s website and print a complaint form which needs to then be emailed or faxed by to the office.

There is also the option of visiting the branch itself, which is based in Pretoria, to lodge a complaint.

The ombud has a turnaround time of 15 days in which to resolve complaints, but Mkhawane says

complaints could at times take longer to resolve depending on their nature and complexity.

In these instances, the taxpayer will be kept updated on what is happening with the complaint.

The office was currently setting up meetings with industry bodies and hoped to meet with small business owners soon.

• For more information, go to [www.taxombud.gov.za](http://www.taxombud.gov.za).



Eric Mkhawane.



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# House of beauty goes big

BY YOLANDE STANDER

FOUR years after starting in a garage at her home, Nondumiso Kafile has expanded her beauty salon to two branches after twice having outgrown her premises and after her business’s turnover grew by 20%.

Kafile says she has fought “tooth and nail” to get where she is today, as the owner of beauty salon Ndumi’s House of Beauty, based in Port Elizabeth.

After failing to complete her studies at the then University of Transkei due to a lack of finances, she returned home in 2009.

“Although I don’t come from a family of entrepreneurs, I’ve always had a dream of owning a beauty salon. One of the obstacles which stood in my way was not having the necessary skills and knowledge to do so. After two years of unemployment a friend introduced me to The Hope Factory and that is where everything changed,” she says.

The Hope Factory is a Port Elizabeth-based non-profit organisation that mentors and develops black business owners.

“I started doing a few business classes and during my time there my classmates and I started a stokvel. With this money I bought myself some beads and started making jewellery. The money I made from selling my products, I saved until I had enough to do a nail technician course and to buy the necessary equipment to start a nail bar.”

In 2011 she opened the small nail bar in her garage.

“It was difficult in the beginning. People didn’t know about me and my home was very isolated. I knew then I had to find another place to run my business from,” says Kafile.

"Ultimately, I want to have my own range of beauty products."

A year later she moved to new premises, renting a container on the side of a busy main road in Motherwell.

“This is when things took off. I became busier and busier – especially as my clients got to know me and the quality of my work. It is quite difficult breaking into the market as there are many salons in Port Elizabeth and it takes a while for people to trust you and your skills.”

Soon requests from clients for additional services led to her enrolling for an eyelash beauty course. And as things got busier she decided to open another branch in 2013 in Newton Park, but close to a very busy mall.



Nondumiso Kafile, the owner of Ndumi's House of Beauty, has managed to grow her business turnover for 20% since she started it in 2011.

“This store caters for my customers who previously had to travel long distances to come to Motherwell. The new shop is in a central location – convenient for those travelling with a taxi or car,” she says.

Her dream, however, does not stop there.

“Ultimately I want to have my

own range of beauty products.”

She lists as her key challenges having to build a client base and overcoming cash-flow challenges (which she says she has been able to resolve following the training she received from The Hope Factory). She says she believes her recipe for success is establishing a personal relationship with each of

her clients.

“People want to be heard, they want you to listen to them. So that is what I do.”

She phones every customer after an appointment to obtain feedback which in turn enables her to improve her service.

“If a customer is not happy with the results, we ask them to

come back to fix the problem.”

This has helped her grow the business which now offers a range of services including make-up, massages, waxing, nails and facials. She now also employs a fulltime massage therapist, has hired someone to run the Motherwell branch and shares the space with a hairstylist.

## Burning the midnight oil pays off

BY YOLANDE STANDER

A SOWETO mother has increased her sales by about 300% after transforming a humble home-based car oil business J&L motor spares into a “well-oiled machine”.

For a decade Bridgette Radebe (no relation to the businesswoman by the same name married to Patrice Motsepe) battled unemployment, but she held onto a reoccurring dream – to establish a better life for herself and her family through entrepreneurship and oil.

“While I was unemployed from 2002 and taking refuge at a local church, St Alley, a strange dream came to me which showed me that this would be the solution to my life’s challenges. Initially, I tried a small business selling vegetables which was not profitable,” she explains.

Then in 2011 she decided to start an oil retail business. She already knew her biggest challenge was her limited access to information.

“I tried approaching vehicle



Bridgette Radebe

spares retailers in other neighbouring communities, but most refused to share any information on suppliers and insisted I source my products from them.

“It was only after my sister, who has access to the internet, offered to assist that I got somewhere. She found the contact details of Castrol (oil) who then set me on the path with

SA Lubes – the lubricant giant’s distribution partner.”

Soon thereafter she launched J&L motor spares in 2012 and started selling vehicle lubricants from her home – ideally located on a main taxi route in the area of Braamfischerville. SA Lubes became an integral part in her road to success. The company not only helped provide her with a formal kiosk from which she could sell her products, but also advised her on which products and quantities to stock.

“They also assisted me through their delivery service as initially I transported my first consignment using public transport. I also received training on all the specs of the products, so I (now) understand which products work best for which car and can advise my customers accordingly.”

In the first year when Radebe started out she sold just 40 units of a single product packaged in a 500ml can. Now she averages about 100 units in a week as well as about 25 of the 5l bottles, while offering the full range of

Castrol products. Although the assistance from Castrol drove her business forward, it’s been her hard work and quality service that have brought her success.

“I’m not afraid of hard work and willing to work all hours of the day. Some taxi owners knock on my door as early as 4am.”

The 50-year-old businesswoman, who grew up in Meadowlands in Soweto, says she always knew she wanted to run her own business after seeing her father run a mobile movies business. While her dream has now been realised, she still has goals for her future.

“I wish to become a successful businesswoman with an established motor spares business which can have a lasting legacy for my family and community. As a very spiritual woman it is very important for me to help my community and those in need as part of my own growth.”

And she does just that. As she gains knowledge and experience, she passes it on to other aspiring entrepreneurs.



# Entries for Raizcorp Acumen training programme now open

BY DANIEL BUGAN

ARE you looking for good advice to grow your business?

Applications for a two-year business learning and mentorship programme that plans to spend R24 million on training for participants open on 3 June.

The 2015 Acumen programme, which is run by business support services company Raizcorp in partnership with Investec and Ndalo Media, is doubling placements for this year's programme over last year, from 12 to 24.

Raizcorp's chief executive Allon Raiz says organisers have reintroduced the programme following the success of its 2013 edition.

"The candidates on the (2013) programme experienced growth in all areas of their businesses, such as turnover, number of employees and even on a personal level," he says.

Each participant will receive the equivalent of about R1 million in business support.

The entrepreneurs selected for the programme will have access to the various forms of business support offered by Raizcorp such as back-office support, entrepreneurial skills training, access to markets, access to business specialists and access to infrastructure.

Each participant will receive the equivalent of about R1m in business support

Raiz however stressed that the programme is not a competition.

"We want each and every one of the entrepreneurs to leave the programme equipped with the necessary skills and knowledge to unlock every opportunity that comes their way," he explains.

It's what the owner of My Brand Group Musa Sambo did after he attended the 2013 Acumen programme to test his business model and how people view it.

"Since I was accepted into the programme in July 2013 until now, my company's turnover has more than doubled. This is thanks to the knowledge that was imparted to me by the mentors on the programme," says Sambo.

He says the mentors, who are all experienced business owners, advised him on areas such as marketing, accounting, advertising, budgeting, sales and even property development.

"They (mentors) gave me tips such as how to play around with

my pricing and how to improve my relationships with my existing clients which led to increased sales (for me)," he says.

Sambo, whose company supplies used cars at below trade value to individuals and dealerships, says the programme also taught him to explore innovative ways to sell his vehicles, including using the internet to sell his cars and selling to non-traditional markets such as law

firms and insurance companies.

He advises business owners who want to apply for the Acumen programme to prepare thoroughly.

"Know your numbers, make sure that your financial projections are realistic, understand your turnover and how you got there. Knowledge is power and can make the presentation and the panel interviews (applicants must go through to get chosen for the programme) a little less

intimidating," he says.

To qualify for the programme, entrepreneurs must be the owner of a business that is 51% or more black-owned, have been in operation for more than 12 months and have a monthly turnover of more than R50 000. The programme however is open to entrepreneurs from all sectors and no fee is required to register.

• For more information call **011 566 2000**.



Musa Sambo



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# Coffee brewer lands proud deal

**BY STAFF WRITER**

COFFEE brewer Sihle Magubane was able to sell R3 000 worth of his coffee and is in negotiations with a leading supermarket group to supply up to R720 000 in coffee a year, after exhibiting his products at a Proudly South African event in Johannesburg last month.

Over 1 000 visitors attended the fourth Proudly SA Buy Local Summit & Expo, where 150 small businesses along with organisers such as Absa, Mango Airlines and Transnet exhibited.

The event gave business owners the opportunity to network with large corporations, government institutions and procurement officers.

Proudly SA chief executive Leslie Sedibe said the event aimed to promote locally produced products and services, encourage enterprise development and provide a marketing platform for small businesses to engage with big business.

"It created dialogue and debate around local procurement efforts and the impact of local purchases

on the manufacturing sector and job creation," says Sedibe.

The event is also in line with the Department of Trade and Industry's Buy Back SA campaign launched in 2013 to promote procurement from local businesses.

Magubane, the owner of Sihles Brew which produces five different blends from beans sourced from coffee plantations in Ethiopia and Kenya, says exhibiting his products at the expo created a lot of exposure for his brand.

"They (Proudly SA) arranged

interviews for exhibitors with television and radio stations to promote our products and this drew a lot of interest from people," he explains.

As a result of the publicity he received in the media, he was approached by the owner of the Spar Group to supply its stores in Monument Park, Pretoria and nine others in Botswana with his signature blends.

He is still in the process of finalising a contract with the supermarket group, but estimates that he would be providing the

stores with a ton of coffee every month worth about R60 000.

Magubane registered his company in 2012 and employs three people. As a member of Proudly SA he was able to get a free exhibition stand at the expo.

He pays R517 a month in membership fees, which entitles one to free marketing and publicity and free exhibition space at exhibitions around the country.

The amount in fees are dependent on a company's respective turnover.

Sedibe says members can also benefit from campaigns Proudly SA runs to educate and encourage consumers in all market segments to buy local products.

"The Proudly SA logo provides member companies with a quality endorsement and encourages consumers to choose Proudly SA branded products.



## REASONS TO BUY LOCAL

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- 2

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- 3

Encourage local prosperity.
- 4

Create more good jobs.
- 5

Keep people in their jobs.
- 6

Reduce poverty.
- 7

Support community groups and local farmers, producers and manufacturers.
- 8

Increase South Africa's manufacturing capability.
- 9

Support business people who are invested in South Africa's future.
- 10

Diminish threat to local food production.
- 11

Encourage the country to become more self-sufficient.
- 12

Get better follow up service from local producers and manufacturers.
- 13

Keep your community and country unique.
- 14

Support enterprises which can supply individually designed and custom made local products.
- 15

Support local businesses which form an integral part of SA's distinctive character – and the tourism industry also benefits from this.
- 16

Reduce climate change impacts.
- 17

Reduce imports which helps reduce SA's trade deficit.
- 18

Boost efforts to prevent South Africa from becoming a dumping ground for cheap, low quality imports.
- 19

Boost efforts to prevent SA from becoming a warehouse for imported goods.
- 20

Support efforts by local enterprises to produce quality products and deliver quality services.



"Proudly SA arranged interviews... and this drew alot of attention"

Organisations including companies, parastatals, government departments, municipalities and universities also give preference to PSA companies when they procure goods and services."

To qualify for membership a business owner must ensure that at least 50% of their cost of production takes place in SA, that the product or service is of a high quality, that they comply with labour legislation and that they run an environmentally responsible company.

- For more info on how to become a member of Proudly SA, go to [www.proudlysa.co.za](http://www.proudlysa.co.za).



Be Proudly South African. Buy local to create jobs.



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PSA547 SBC SEP

Sihle Magubane



# Real estate on the rise

BY STAFF WRITER

OWNING property, as part of a long-term investment or to meet the need of business operations, is an ideal every business owner strives for.

The launch of Business Partners' R200-million property fund last month, could help business owners to realise this ideal.

Gerrie van Biljon, executive director at Business Partners, says the objective of the fund is to provide affordable finance for small businesses across all industries, to purchase or refinance their business premises.

"With the launch of our recent specialised funds (the Manufacturing Fund and the Education Fund), it became clear that there was a need for financing to enable entrepreneurs to obtain their own premises and that's why the Property Fund was launched," says Van Biljon.

The fund will offer finance for purchasing properties such as manufacturing premises, commercial units and offices ranging from R500 000 to

R30 million. One won't have to put down a deposit, as the fund will cover 100% of financing to qualifying businesses.

The fund will cater to entrepreneurs who have businesses that have been in operation for over three years and who wish to purchase their own premises, but who have limited capital or security, or who do not want to compromise their business' cash resources for the deposit.

Van Biljon believes that acquiring commercial and industrial property is attractive for entrepreneurs, either as a sound long-term investment or to secure tenure for their own business operations.

His sentiments are backed up by report released last month by tax and advisory services firm PwC that reveals that rapid urbanisation, industrialisation, technology and sustainability in city planning will drive growth in the real estate industry across the continent over the next five years.

"In almost all markets the demand for high-quality retail, office and industrial

space continues to outstrip supply as international and local occupiers respond to new economic opportunities," says the report, "Real Estate: Building the future of Africa". It further states that listed property in South Africa has now grown to such an extent that its market capitalisation is close in value to corresponding sectors in Singapore and Hong Kong.

Van Biljon says another advantage of owning property is that the entrepreneur will not be at the mercy of rental increases and limitations enforced by landlords.

"The entrepreneur will also not have to deal with the threat of eviction when his lease expires and can extend or modify his building to suit the needs of the business," he says. He says property can also be a sound method of saving since many entrepreneurs do not provide for old age and retirement. "The property can at a later stage be rented out and the proceeds can be used to subsidise their income," he adds.

• For more information, go to [www.businesspartners.co.za](http://www.businesspartners.co.za).



Business Partners last month launched its SME Property Fund which will allow enable business owners to purchase their own business premises.



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# Improve with feedback

BY NABELAH FREDERICKS

THANKS to feedback from a trade trip he made to Sweden six years ago and regular contact with tourists who flock to his premises in Stellenbosch, Jimmy Dlantini has been able to hone his craft to produce sought-after clay animals.

A listing on a local tourism database has also helped. A few times a week, thanks to the listing, tourists stop by his business JD Pottery for a demonstration on how to produce ceramic goods.

Through this interaction with the tourists, who form a big part of his customer base, Dlantini is able to get new ideas and a better sense of what it is his customers like.

"I taught myself to make animals from clay and cars from wire by watching the older men."

"I receive feedback from people on which colours they prefer and how I should shape my products. I try to make sure I have products available when they come for the demonstrations so that I can firstly sell it and secondly get feedback."

He says it was his days spent growing up on a farm in the Karoo that proved key in the development of the craft that is now his bread and butter. There he took to the popular hobby among Xhosa boys of using clay dug up from the river bed to make animals.

"Like most Xhosa boys, I looked after cattle and spent many hours in nature," he says. "I taught myself to make these animals from clay and cars from wire by watching the older men."

He says his passion stems from



Jimmy Dlantini has been a craft producer for over 30 years and hopes to one day open up his own shop.

his mother's talent and skill for craftwork.

"In my opinion, my mother was a top artist. She weaved reed mats and did beadwork and sowing. She did not do it for money. She did it because she loved it," says Dlantini. His is a similar story. Despite only making up to R750 per order, his success has come through other means, albeit slow.

Since spending his days working at a mini pottery factory in Port Elizabeth after his parents moved to the Eastern Cape in

1979, he now operates from a container in Stellenbosch.

"I met a guy in Port Elizabeth and asked for a job as a cleaner at a pottery company. Four months later I asked to be trained on the pottery wheels. Another four months later and I was better at making ceramic cups and plates than the six ladies who had been working at that company for longer than a year," he recalls.

In 1993, he moved to Stellenbosch and approached local art galleries and asked if they were

interested in his work.

"I made clay animals and was making R50 per day before I received a call from one of the woman at the art galleries who renovated the art gallery and turned it into a craft market."

When he arrived at the craft market, the woman had bought a pottery wheel and other equipment that he could use to make his products.

In 2009, he was able to buy his own equipment – three baking ovens, six pottery wheels and a roller –and moved to a container where he now operates from.

## Get direction from what your clients say

A successful product is one that sells. If your product is not selling, you should see this as feedback that you need to change the product or the pricing, or create a new product.

Even producers who sell most of their products wholesale spend some time every year getting direct feedback from customers in the marketplace.

Feedback can also give you guidance on how to go about expanding your product lines.

### DO RESEARCH

- You could design a survey with specific questions you have about your product for representatives of your target market to fill out.
- Don't have more than three or four questions but try to get at least 30 people to respond. To incentivise responses, give each person who fills out your survey an opportunity to win a raffle with one of your products as the prize.
- You could do a survey face to face, by e-mail, on the phone or on your website or blog. You could also use an online facility called SurveyMonkey to set up your questions, gather the data and analyse it for you.
- Visit shops and galleries to ask if your product would sell there and whether your estimate of the selling price is close to the market. This also helps.
- You can also register on a websites where your products are shown and sold. Here you will be able to see how many sales individual producers have made over what time-scale and within which price range. It's a really accurate way of getting real-time information about the marketplace.

A blue circular icon with a white arrow forming a clockwise loop, symbolizing a cycle of feedback and improvement.

"My space is too small and I can't produce big orders, but one day..."

That same year he also had the opportunity to go on a month-long trip to Sweden where he was a part of a group of six crafters who shared their skills with other crafters in Stockholm.

He plans to open a display shop where he can sell his goods from instead of the container he uses as a workshop.

"My space is too small and I can't produce big orders, but it is my desire to own a store and teach students how to do pottery."

## Turn craft into your income

HOW is it possible to make a living from a craft? Find out by following the nine-part Small Business Connect series "Crafting Your Business".

- PRODUCT IDEA
- PROTOTYPING & SAMPLING
- MATERIALS
- PRODUCTION
- PACKAGING & PACKING
- MARKETING
- SELLING
- DISTRIBUTION
- FEEDBACK

This is the ninth part of the series. To get the full series go to [www.SmallBusinessConnect.co.za/craft](http://www.SmallBusinessConnect.co.za/craft).

If you want to create a successful craft business, you need to understand that every product, involves a journey.

In the previous edition, we covered the eighth part of this series, "Distribution".

The ninth part of this series, featured in this edition, focuses on "Feedback". Read more on this page about how Jimmy Dlantini of JD Pottery uses the feedback he gets from overseas tourists to improve his products.

The Crafting Your Business series is based on the e-book, "Growing Your Creative Business - a guide for craft producers, designers and other creatives" which was commissioned by the Department of Arts and Culture and developed in partnership with the Cape Craft and Design Institute (CCDI).

• Visit [www.ccdi.org.za](http://www.ccdi.org.za) or [www.dac.gov.za](http://www.dac.gov.za) to download a free copy of the guide.





# WC Funding Fair helps tap into R10m in finance

BY STAFF WRITER

OVER 600 applications were received from entrepreneurs vying for more than R10 million in funding at the Western Cape's inaugural funding fair held at the Cape Town International Convention Centre last month.

The event is a partnership between the province's Department of Economic Development and Tourism and Deloitte. Applications for funding opened in November and business owners who required at least R10 million in funding were encouraged to submit proposals for finance. Forty applicants were shortlisted to pitch their projects to a panel of financiers behind closed doors at the event. Applicants will know within the next month whether they have been successful.

Addressing attendees at the event, Western Cape Minister of Economic Opportunities Alan Winde said that the event provided a platform for things to change and funding to flow to entrepreneurs.

"It is initiatives like these, and the good stories that will come out of them, that make us the place where people want to do business, and can do so easily," said Winde.

He added that even though only 40 applicants were shortlisted, all the applicants who applied had made a start to grow their businesses by changing their thinking after completing their proposals for funding.

Mike Herrington, executive director of the Global Entrepreneur Monitor (Gem) kicked off the programme with his talk on "The state of entrepreneurship in South Africa".

Herrington, who is set to launch the country's 2014 Gem report later this month, said that he had been "shouting about entrepreneurship for the past 14 years and the funding fair is a wonderful initiative".

During his presentation, Herrington noted that big business and government were not there to create jobs.

"Large businesses are not creating jobs. They are firing people and that's one of the problems we have to face. We need to look to small businesses to create employment," said Herrington.

But, in order to do this it was important to know more about the country's entrepreneurs – what makes them tick and how can they be helped. He pointed out that one way to do this was through research. However, he also stressed the importance of education as an enabler of entrepreneurship.

"Education is critically important. The more educated a person is, the more likely that

person is to start a business," Herrington said.

Recently-appointed chief executive of Wesgro, the province's marketing, investment and trade promotion agency, Tim Harris also addressed attendees.

"Perception is everything... There are two unfortunate persis-

tent myths about our region (Western Cape). The one is that we are for wine, leisure and a good weekend and Johannesburg is for work. The second is that if you want to do big business, all the corporates are in Johannesburg."

Harris said that he was working towards debunking these myths.



Deloitte's Marius Alberts with MEC Alan Winde

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# Dismissal not only termination

BY BARNEY JORDAAN

DO employers really need to spend time and resources on onerous disciplinary or incapacity procedures before terminating an employee's service?

The short answer is no. Unfair dismissal protection only applies when an employee is dismissed.

"Dismissal" is defined in the Labour Relations Act as the termination of employment by an employer, with or without notice.

Dismissal is therefore a unilateral act of the employer. This means that termination of the relationship for reasons other than a unilateral decision by the employer does not fall within the definition. Whereas a dismissal can be challenged as potentially unfair, termination of the relationship for reasons other than dismissal cannot.

Further, whereas there are rules regulating the substantive and procedural requirements for a dismissal to be fair, similar rules do not apply if the relationship ends for other reasons.

The kinds of situations where an employment relationship ends for reasons other than dismissal include the employee's death, the employee's resignation with proper notice to the employer, retirement upon reaching the agreed or normal retirement age, and termination by agreement.

A well-known example of the latter is the employee's acceptance of a voluntary severance offer by the employer in the context of retrenchment. This raises the question whether



Unfair dismissal only applies in the case where an employee is dismissed and not termination of employment through death or resignation, for example.

it would be possible for employers to escape the requirements of the act by entering into termination agreements with employees who are incapacitated, underperform or misconduct themselves?

Here the short answer is yes, this is possible, but employers have to proceed with caution. Failing to follow the guidelines below is likely to trigger claims of constructive dismissal, or give rise to other problems. Firstly, any agreement to terminate employment must be entered into voluntarily by the employee. This does not mean that the employee must have a completely unfettered

choice before the agreement will stand. It only means that the employee should have a choice between accepting the agreement and going through, for example, a counseling process.

Let's assume that an underperforming employee faces the prospect of a formal poor performance process, or is already in a formal counseling process.

The employer confronts the employee with a choice between accepting the offer of termination by agreement, or continuing with a formal counselling procedure.

Provided that the employer's complaint of underperformance is

genuine, the employee still has a choice between the two options. The fact that it is a tough choice does not mean the decision to accept an agreed termination is not voluntary.

The fact that you accepts onerous terms when receiving a loan from a bank does not mean that the decision to accept the loan is not voluntary: not accepting it remains an option.

Secondly, in the example above, the employer should have sufficient reason for believing that the problem is serious enough to justify a formal counselling process.

There must be good grounds for believing so. The option of an agreed termination is advisable and safer to use in situations where the underperformance is serious enough for the employer to believe that satisfactory improvement is unlikely and that a counselling process followed by dismissal would be a waste of everybody's time.

The more serious the problem is, the easier it should be for the employer to satisfy the next requirement. Namely, that accepting an agreed termination also provides the employee with a way out. Thirdly, the choice should hold a benefit for the employee. This does not have to be a sum of money – although paying the employee in return for his or her agreement to leave, for example, an additional month's pay, is likely to be sufficient proof of the voluntary nature of the employee's decision. Seeing that the employer saves time – and, therefore, money – if he or she were able to obtain an agreed exit might just be worth putting some of the savings on the table as a sweetener.

Instead of a monetary benefit, the employer could also point out – especially where the chances of improvement are low and the chances of dismissal high – that the employee has the chance of walking away with a better employment record than will be the case if he or she were dismissed. Fourthly, the agreement should be in writing and should clearly state that the employee had been given a choice in the matter and that the employee had exercised that choice freely. Also, record the benefit to the employee of accepting the offer of an agreed termination. Finally, the employer should be consistent in its use of such offers.

• For more labour-related articles, go to [www.labourwise.co.za](http://www.labourwise.co.za).

## ADVICE

### Do you have what it takes to be a small business mentor?

BY ANTON RESSEL

A RECENT call for business mentors for small businesses by a company I work with resulted in an unexpected flood of applications.

Hundreds of CVs poured in, the phones rang constantly and the company's email channels were buzzing. There was even an application from Nigeria.... Clearly, there are a lot of people who want to be business mentors.

When we began to review applications, it became clear that the applicants could be grouped into several categories: very strong candidates, pretty strong candidates, ones for the future and what were they thinking?

The latter category was quite concerning, because it highlighted just how little most of us know about what it is a business mentor does, needs to do, and needs to know to be effective and impactful in the role. By way of example, someone who has just finished



Anton Ressel

a two-year diploma in business management, but never worked in a business before, let alone run their own business, is probably not qualified to advise people on how they should be running their business, at this stage of their development anyway. That is not to say that experienced candidates will automatically make good mentors. The worst mentor I ever had, was the celebrated head of a large

business school with decades of corporate experience – and zero understanding of the unique challenges a small and growing business faces. Experience is good, relevant experience is priceless. Allow me to share a few traits that are required to succeed in this game, as deduced from my own decade or so as a mentor.

- Be experienced. This is not negotiable. If you have never run your own business, or at least been involved at a very senior level, it is highly unlikely that you are qualified.
- Be empathetic. Running any business is tough. Running a small business, can be overwhelming. While you may get frustrated at a slow pace of progress or lack of understanding, your job is to guide, support and encourage.
- Be hands-off. This is probably the most important skill a great mentor must possess. The temptation will always be there to jump in on behalf

of your mentee – it's quicker, the results will be greater... the problem is, this approach creates dependency and is actually consulting, not mentoring.

- Be a catalyst. Great mentors create opportunities for their mentees to shine. Teach your mentees about networking, introduce them to people who may be interested in their goods or services, and keep an eye out for opportunities.
- Be honest. Sometimes, we all need a bit of a reality check. Your role will often be to provide a voice of reason, to help your mentee keep their eye on the ball and not be distracted.
- Know your stuff. Even if you do not have an MBA, be sure to keep your knowledge to date and current.

To conclude, if you believe you have the right temperament, experience and knowledge to make an effective business mentor, it can be a very rewarding vocation.



# Book Review

## No success found in book

MARILYN HONIKMAN reviews “Act Like a Success, Think Like a Success – Discovering Your Gift and the Way to Life's Riches”, by Steve Harvey with Jeffrey Johnson, published by Amistad, New York (2014)

Steve Harvey always knew he was funny.

He had a gift for making people laugh and he used that gift to get very, very rich.

He re-invented himself several times. From being a comedian in small comedy clubs and then much larger venues, he went on to host Showtime at the Apollo, followed by his own show and then a Gospel show which was watched by many millions. And, now, he also writes (or more accurately, co-writes) books. This book has several anecdotes from which Harvey draws life lessons.

One of these is the story of his first, almost-accidental, appearance on an amateur comedy show and how on the strength of winning a prize of fifty dollars he gave up his day job and subsequently lost his family and his home.

“Even in the midst of being homeless, I knew I was doing what I was born to do. I wasn’t successful at it yet, but I was on my way,” recalls Harvey.

He saw a picture of Tyler Perry’s private plane and decided that he was never flying in a commercial plane domestically again.

“It may not be your vision to fly privately, but why not create a vision to fly first class?.....If you don’t think higher of yourself why should anyone else?” he questions.

But, he does say elsewhere in the book, “Be careful that you don’t confuse what you deserve, which is what you work for, with a sense of entitlement, which is what you didn’t work for.”

Some anecdotes are interesting, but there are not enough of them.

Much of the book is a collection of banal, obvious platitudes. Small Business Connect readers will not need to be told:

“When you choose someone to model, they should have a track record of success.”

“What you don’t need to know is how something won’t work: you

need to know how it will work.”

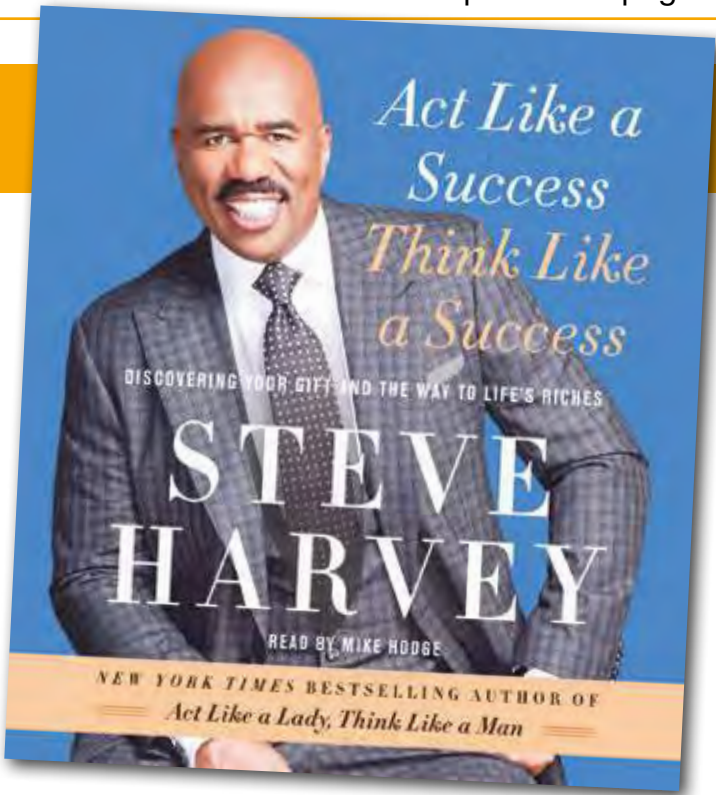
“Avoid people who are always having a bad day.”

Harvey’s first book was a best-seller. Act Like a Lady, Think Like a Man was a couple of hundred pages telling women not to get between the sheets with a man until he had made a commitment. Millions bought it.

Many called it patronising to women, some called it

misogynistic, but it made Harvey even more money.

The blurb on the back-cover of this book mentions Harvey’s warm humour and remarkable insights so I looked forward to being entertained as well as being enlightened. No such luck. The style is mainly didactic and most of the content is so dull I would not suggest that anyone wastes their money on this book.



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# Give a bed to a local tourist

BY PAUL CRANKSHAW

LOCAL tourism could be the next “big thing” – as the government tries to encourage more South Africans to see their own country, and the cost of travelling outside our borders seems to get steadily cost more. This means more accommodation will be needed – the more affordable, the better.

A few months ago, tourism minister Derek Hanekom said the government was to spend R100-million to promote domestic tourism. He said local tourists contributed R24.3 billion to the economy in 2013, up from R21.8 billion in 2012. And, just last month Hanekom launched a R600-million incentive programme. Some of this growth in spending must certainly be going on accommodation, and one of the best value-for-money places to stay is the good old “B&B” – the bed and breakfast establishment.

Statistics South Africa reports that about a third of tourists inside the country stay in bed and breakfasts, lodges or self catering units. A B&B usually offers accommodation in a private home, where the owner-manager lives in the house or on the property. Breakfast is usually the only meal that is served, but in some cases the host will offer an evening meal at an extra cost.

These establishments are usually cheaper than hotels, and can offer guests that “feel-at-home” experience while being looked after on their travels. For those of us who enjoy meeting



Starting a business in the tourism sector might not be a bad idea following the launch of the R600-million tourism incentive programme last month.

new people in different places, it also has the added advantage of learning more about the area from your hosts, in places you wouldn’t normally go.

A B&B is a great small business startup opportunity, since it needs little training but very good people skills and organisational ability. If you already own a property, it can be an inexpensive way of starting a business. The early years of

your business may involve very long hours, and you may need to carry out all the everyday tasks such as cleaning rooms, preparing breakfast and doing laundry yourself.

B&Bs are often run by couples or very small teams, so you need to manage everyone’s time efficiently. It may be difficult to run a B&B if you have a young family. Juggling two time-

consuming activities could prove too demanding for some entrepreneurs.

**FORMAL TRAINING**

No formal qualifications are needed to run a B&B, but some training in hospitality, tourism, management or bookkeeping will give you a better chance of success. Technical Vocational Education and Training (TVET) colleges offer a range of diploma and certificate courses in the hospitality field. These include:

- National Certificate Vocational - Hospitality.
- National Certificate in Accommodation Services.
- National Certificate in Food and Beverage Services.

places to do bird-watching, nature photography, hiking, etc. This opens opportunities for people to start B&Bs in areas of natural beauty or interest.

• Paul Crankshaw is managing director of Cobweb Information, an online publisher of startup guides for small businesses. See [www.cobwebinfo.co.za](http://www.cobwebinfo.co.za).

## Launch of R600m tourism programme

WITH a R600-million boost, businesses in the tourism sector can expect assistance in grading their establishments, accessing new markets and help with getting their establishments retrofitted with renewable energy sources.

The announcement was made by Minister of Tourism Derek Hanekom in Johannesburg last month at the launch of the new Tourism Incentive Programme. The programme aims to help tourism businesses to grow and provides incentives for tourism enterprise to install renewable energy technology.

“The pace of growth in the tourism sector has outstripped the growth in the overall economy significantly. We are now well positioned to do more, to continue to grow, and to transform the sector by making it more inclusive and sustainable,” said Hanekom.

The launch phase will focus on four areas, namely:

- A market access support programme that aims to put tourism businesses in contact



Derek Hanekom

- with buyers, grow their customer base and increase sales.
- A tourism grading support programme that aims to encourage business owners to uphold quality standards and tourist experiences.
- Catalytic investment in iconic attractions to enhance the tourist experience and to help the country become a more competitive tourism destination.
- Consider renewable energy technologies due to the

pressure on the national electricity grid.

Hanekom said in its first financial year of operation (2015/16) his department would invest R180 million through the programme. “We are taking an incremental approach. We have limited resources so we want to be sure that we spend our money well,” he pointed out.

He added that the department would pilot new incentive programmes during its first financial year in operation, before scaling up.

The pilot programme to upgrade popular tourist attractions will kick off with upgrades to state-owned areas such as SA National Parks and botanical gardens and will then expand to include the private sector by the next financial year.

The programme aims to also support the local manufacturing sector by assisting it to produce the necessary equipment needed by the tourism department.

- For more information, go to [www.tourism.gov.za](http://www.tourism.gov.za).

### WHO DO YOU WANT TO ATTRACT

When people are travelling on a long journey by car, a B&B is often a convenient overnight option and is usually cheaper than a hotel. B&Bs in the cities will attract a wide range of visitors including tourists, businesspeople and students. Travellers often choose B&Bs or guest houses so that they can meet local people more easily and get a better feel for the culture of the country.

In the rural areas, B&Bs mostly cater for tourists, who will want to enjoy the scenery and natural attractions of the area. This appeals to local tourists as well, especially families and couples, offering a homely environment at affordable prices. A fast-growing part of the local tourism market is ecological tourism (eco-tourism), where visitors travel to

### Earn your stars

The role of the Tourism Grading Council of South Africa ([www.tourismgrading.co.za](http://www.tourismgrading.co.za)) is becoming more important for the local hospitality industry as we are forced to compete with tourist destinations world-wide.

For a B&B to become really successful, it needs consider becoming “graded” so that potential guests feel confident about the quality of your services, and can compare them with other options.

### Learn more

- Other sources of information for starting a B&B are:
- The Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (Cathsseta)
  - The Institute for Hospitality Education ([www.ihesa.co.za](http://www.ihesa.co.za))
  - The Tourism Enterprise Programme ([wwwws.tep.co.za](http://wwwws.tep.co.za))
  - Distance learning institutions like Intec ([www.intec.edu.za](http://www.intec.edu.za)) offer courses ranging from “Introduction to Hospitality” to Guest House Management”



# Are mobile payments the way forward?

BY ARTHUR GOLDSTUCK

THE launch of Samsung Pay, in direct competition with Apple Pay, is a signal that payments with mobile devices are growing up.

Once a year Barcelona plays host to an event that signals the key shifts in mobile technology, setting the agenda for personal gadgets for the rest of the year.

Mobile World Congress 2015, which took place last month, pushed the boundaries just a little further than usual.

The most significant announcement was not a device, however, but a new way of doing something as old as civilisation: making payments. When Samsung unveiled its new Galaxy S6 and S6 Edge, it also declared the next phase in its war with Apple.

Back in September, Apple announced the iPhone 6 and 6 Plus, along with a payment system called Apple Pay. The similarity in names is no coincidence. Samsung wants to make it clear that, not only is it playing in the same space as Apple, but it is doing it better.

Apple Pay works through near-field communication (NFC), which allows one to send data from one device to another with a single tap. That data can include files, photos and payment or transactional information, if it has been set up in advance. As a result, a single tap, authenticated via the fingerprint sensor on the iPhone 6, can conclude a transaction at an NFC terminal in a retail outlet.

Samsung Pay goes a step further. While it also offers fingerprint verification and NFC, which is still in limited use in the retail world, it ups the ante with magnetic secure transmission (MST), which caters for the vast majority of retailers who still use magnetic stripe card readers. MST allows a device to be placed alongside a card terminal and to send a radio signal that mimics the interaction of the magnetic stripe on a card with the terminal. It instantly allows Samsung Pay to be compatible with any retailer in the world that accepts credit, debit or payment cards.

Samsung's leapfrog over Apple was made possible by its acquisition, earlier this year, of a

company called LoopPay, which describes itself as "the world's first mobile wallet solution that allows consumers to pay with their mobile devices at most places and leave their wallets at home".

The LoopPay solution, as it existed prior to last week's announcement, consisted of a LoopPay App and a LoopPay device, which worked in tandem.

"The App manages and securely stores all payment cards including credit, debit, loyalty, and gift cards on the device. Currently, we offer the LoopPay Card, CardCase, and a stand-alone Case for iPhone 5/5s, 6, and 6 Plus," LoopPay explained. The company's explanation of how LoopPay works provided no inkling of the scope of Samsung Pay, as it implied any manufacturer



Does the launch of Apple Pay's latest competitor Samsung Pay signify the move towards mobile payments?

could use it. Samsung turned the market on its head with one simple innovation: it built the LoopPay technology into the Galaxy S6 and S6 Edge, instead of providing an accessory device. The result is that the phone merely needs the app to be activated for it to run Samsung Pay. It also means that the accessory case used for iPhones to affect payments, is almost instantly obsolete on this model of Samsung phones. The service is initially being launched in South Korea and in the US— a direct challenge to Apple. There is no timeframe on its roll-

out elsewhere, which suggests Samsung is initially more focused on taking on Apple than on serving consumers. That is also, most likely, the reason for the cut-and-paste branding of the payment service. It may be the snappiest possible title, but calling it Samsung Pay is also the most sincerest possible form of flattering Apple. If the wheels come off this particular bandwagon, it will be more than a financial disaster for Samsung.

Later this year, American retailers will be required to implement EMV (Europay MasterCard Visa) "chip-and-

pin" terminals, which may well have to include NFC technology. That opens the rest of the US market to Apple, but still leaves Samsung with a global edge. In the meantime, other challengers are likely to emerge. Rumours have already surfaced that LG will build payment technology into the next version of its flagship phone, to be called the LG G4. Numerous mobile payment applications will also have to change their game or find a way to integrate or add to the two Pay systems.

• For more information, go to [www.gadget.co.za](http://www.gadget.co.za).

## Ensure the web works for you

BY PRASHANT BHAGA

WHY should your business have a website and what can a website do for you?

Well if you shop or read-up on the latest news and technologies online or even just google pictures of adorable puppies, then you are just one of many who live from their PC's.

Before, we were forced to go out shopping and to call someone for info regarding a product or service. Now all you have to do is switch on your tablet or laptop to do many chores while still in bed. It's only the beginning and future generations will benefit more from having the world wide web at their fingertips all the time.

What does this mean for your business? Regardless of when your business was established and what your business does, getting online is a huge benefit! Anyone who is anyone is online. I do not mean being popular on Facebook or Instagram, I mean being popular and highly ranked on Google!

Can a website do harm to your established business? Yes. If you create one on a dodgy



Prashant Bhaga

platform or have a site vulnerable to scammers as in the incident with Woza online.

Can having a website do wonders for your established business? The answer is also yes. If your site is legitimate and protected. Also, a website should meet certain requirements and have everything your visitors are looking for in one place.

Where to begin? How do you go about creating a site that portrays your business in the best way and also attracts

visitors? The first step would be to have a plan, goals and design for you website. An optimised and efficient site is not only about being pretty.

It needs to generate leads and customers to your site. Decide what content will appear on your site. Information should be helpful to clients and easy to understand.

What is your budget? Additionally, do you have the time and resources to invest in your site? The next step involves finding the right people to do your marketing. A reputable company with success stories would be ideal.

Good quality is not free. You have to invest in a website to see how it pays off in the long term.

At this point it is important to consider practising in-bound marketing.

This simply means creating engaging and relevant content available to the world in order to attract you ideal clients. In order to have a website that works for you, while you sleep, there are categories it should satisfy:

- Blogging
- Lead generation

- SEO
  - Mobile responsiveness
  - Social media marketing
- Blogging as mentioned in the list is a tool that is underestimated. If used correctly, this tool can attract and provide you with your ideal clients. Below is a handy checklist to ensure your online presence is working well for you:
- Buy out your domain to protect it
  - Invest in a quality site closed to scammers
  - Have a clean and professional logo that represents your brand
  - Submit your site to search engines
  - Create a Google for business page that is linked to your site
  - Know what keywords your potential clients are using to find a service like yours
  - Attach analytics to your site
- However, most importantly, ensure that you have a good marketing team to guide, educate and prove to you the benefits of having an optimised website.
- Prashant Bhaga is the owner of Lilipads Leads. For more information go to [www.lilipadleads.com](http://www.lilipadleads.com).



# Firm grows thanks to Foskor deal

BY DANIEL BUGAN

ONE year into a two-year contract to supply phosphate producer Foskor with engineering services, a Richards Bay company has already been able to increase its annual turnover by R8 million.

Not bad for the new kids on the engineering block and owners of Mech-eng Industrial Solutions, Makho Ngcobo and Lindelani Mkhize, who competitors once ridiculed

"I knew that they (Foskor) had a supplier database and thought that getting on it would be a good start to help us move into the engineering space," Ngcobo, a former enterprise development consultant, explains.

Before being listed on Foskor's supplier database in 2012, the two had to however prove that they had the capacity to do work for the company and that they were well-versed in Foskor's core functions. They also had to provide Foskor with documentation such as company, VAT and BEE registration certificates.

"As soon as we were registered on the database we started receiving and submitting

tenders," says Ngcobo, adding that they were awarded a contract to provide Foskor with acid-proof tiling services at the end of 2013.

By the end of last year the company's annual turnover had increased by 60% or by R8 million over the last 12 months, despite being ridiculed by competitors.

"The companies that previously held the contract with Foskor were not happy that we were now the preferred supplier and tried to destroy our credibility at every turn. They bad-mouthed us and tried to undermine our morale by claiming that we were not experienced enough to do the work," recalls Ngcobo.

However, the pair who ventured into the engineering industry in 2012, proved all their naysayers wrong by always meeting deadlines and by being available whenever Foskor needed them.

"We ensured that all our staff received the right technical training needed to do their jobs and eventually we won them (Foskor) over as they could now trust us to not let them down," she adds.



Thanks to Foskor, Makho Ngcobo and her business partner Lindelani Mkhize grew their turnover by R8 million.

She says the Foskor contract also led to further opportunities for the company. Last year they were offered a contract to supply a company in Ghana with acid and ceramic lining, industrial tiling,

epoxy coating and the supply and installation of pumps and pipes.

"People automatically assume that if you work for a well-established company like Foskor that you must know what you are

doing. It gives you the credibility that some companies spend years to acquire," says Ngcobo.

But, the pair's good fortune does not stop there. Foskor also offered the business a site office in Richards Bay which consists of three containers which the two use for administration purposes and to store material.

Ngcobo says this has helped them to save thousands of rands on what would have gone to lease office space.

"I knew that Foskor had a supplier database and thought that getting on it would be a good start"

At present they employ 10 permanent staff and a few casual workers. Her staff also receive constant training and mentoring in financial management and site control as well as in computer and technical skills from Foskor through its supplier development programme. She encourages small business owners to apply to become suppliers to Foskor.

"But make sure that your service or product falls within the organisation's procurement value chain, otherwise you will just be wasting your time," she cautions.

## How to become a supplier

PHOSPHATE produce Foskor is aiming to procure half the value of the goods and services it needs, from small businesses this year, up from the current 30% level.

The group, which was founded by the Industrial Development Corporation in 1951, mines and processes phosphate rock at Phalaborwa in Limpopo.

The mined rocks are then shipped by rail to its production facility in Richards Bay, KwaZulu-Natal.

Foskor's superintendent for supplier development, Khetho Gumede, says the company procured R3.5 billion in goods and services from businesses in the 2014/15 financial year, 30% of which went to small businesses.

The group aims to now channel at least 50% procurement spend for the current financial year (2015/16) on procuring goods and services from small businesses, he says.

As part of its supplier



Khetho Gumede

development programme Foskor provides suppliers with practical computer training, tendering, bookkeeping and pastel installation training, as well as one-on-one coaching and technical training.

To date 40 suppliers have received training under the supplier development programme.

Some of the products and services Foskor procures from small businesses include:

- General mining supplies
- Welding, design and steelwork
- Civil construction services
- Catering and canteen services
- Cleaning and security
- Legal services
- Transport

Suppliers that wish to do work for Foskor must be registered on the group's supplier database.

To qualify for registration on the database, business owners must ensure that they:

- Submit an updated company profile.
- Produce a broad-based BEE certificate.
- Are 100% black owned.
- Provide security clearance, which includes potential conflict of interest.
- Provide proof of financial ability

or credit worthiness.

Gumede's office will then check each supplier's company profile to establish if the group requires their certain service or product.

Following this the group's supplier evaluation committee will make a recommendation to the divisional procurement committee for approval. Gumede says successful suppliers are issued with a supplier qualification form before the firm is registered on the database.

The supplier evaluation committee will also conduct a visit of the supplier's premises.

Those whose applications are unsuccessful will be notified by the supplier evaluation committee on what they may need to improve on before becoming a supplier in the future.

- To apply to become a Foskor supplier, email [khethog@foskor.co.za](mailto:khethog@foskor.co.za) (Richards Bay) or [richardmt@foskor.co.za](mailto:richardmt@foskor.co.za) (Phalaborwa).



# Working together works

BY NABELAH FREDERICKS

COLLABORATING with a network of 100 companies has helped the Cape Innovation and Technology Initiative's (Citi) skills development arm to train 500 students at a cost of R50 000 per person since 2011.

Citi was founded in 1998 as a non-profit organisation by the IT industry and is supported by the Western Cape Government and the City of Cape Town. The initiative aims to develop Cape Town as a global hub for innovation and technology.

Alethea van Wyk, the head of the initiative's skills development programme CapaCiti, says that the IT skills the programme was started in 2011 in a bid to create training courses to address the region's IT skills shortage.

"I joined the team about three years ago when the initiative was in its early stages. A lot of work has been done to fine tune our operational model since then," she says.

The programme, she points out, has proved so successful that Citi has been able to place nearly all those students that participate on training courses, which typically runs for six to 12 months.

"The underlying reason for our high placement rate is our emphasis on meeting real industry needs through our



Alethea van Wyk heads up Citi's skills development department, Capaciti.

training programmes, which are entirely demand-led," says Van Wyk, adding that Citi taps into the experiences of its wide network of companies to develop programmes.

CapaCiti for example recently piloted a .net certification programme, upskilling unemployed national diploma graduates through a six-month training programme. One

company offered internships to 16 of the 20 students just a month into the training programme.

Certain programmes are run entirely based on companies' commitments to

take on interns prior to the programme even starting. Currently, CapaCiti works with all four of the city's universities as well as with other training providers to offer IT training to students who do not always have an IT background or qualification.

Van Wyk says this proves that one can be re-skilled to enter a career in this industry without necessary having an undergraduate IT qualification.

She says the organisation's courses are available to interested parties through bursaries that cover fees for the duration of the training. Apart from equipping students with the actual skills to do the job, the organisation also helps students to develop professional skills to adequately prepare them to navigate the world of work and pre-empt certain expectations that may come with a work environment.

"We find that the biggest challenge to many students is that they are not familiar with the work environment and we therefore view work-readiness training that sets our students up for ongoing professional development as equally important as the technical training," says Van Wyk.

She adds that up to 98% of CapaCiti graduates remain in employment four years after completing their training. A number have also started their own businesses and have returned to offer support to current students through a graduate-initiated mentorship programme.

Citi also runs other initiatives, including the Barn in Woodstock and the recently launched Khayelitsha Barn.



## Join the online discussion

SOCIAL entrepreneurs have a new platform to learn about successful social enterprises.

This follows the launch of Talking Social Enterprise, an online "talk network", hosted at 7.30pm on a Wednesday evening of each month.

It aims to stimulate debate amongst social enterprise entrepreneurs and is hosted on the Google Hangouts platform.

- To listen to the show, sign-up by registering via [www.TalkingSocialEnterprise.net](http://www.TalkingSocialEnterprise.net).

## Collaborate with businesses and give them real value

BY MARCUS COETZEE

SOCIAL enterprises collaborate with businesses. Instead of seeing them as a source of funding, they see them as valuable business partners.

This is the ninth principle in our Think like a Social Enterprise series.

Non-profit organisations (NPOs) traditionally see businesses as a source of corporate social investment (CSI) funding. Many feel that businesses have a moral and compliance obligation to fund them.

The common misconception is that business should stay out of social issues, instead they should give more funds to NPOs already operating in these areas. Unfortunately, this attitude creates dependency where the business is the provider and the NPO the dependent. It also restricts NPOs to a limited pool of funding.

It is much better to see businesses as valuable and equal partners. Successful social entrepreneurs understand this. They pitch deals to businesses which make good business sense. They offer real value to businesses and get more than a



Marcus Coetzee

secure the inputs they need. For example, R-Labs is a technology incubator based in Bridgetown also doing research, entrepreneurial support and community development. R-Labs has worked with local entrepreneurs to conduct research for businesses on the experiences and attitudes of the youth in South Africa.

Social enterprises can help businesses improve demand. U-Turn is a social enterprise that works with street people in South Africa. U-Turn is also a sales force (a department that is responsible for selling services and products) implementation partner. This means that it makes money by helping NPOs access and setup the free sales force system. In return it helps build the sales force brand and the demand for its products.

They can help businesses comply with standards and regulations. For example, Fetola is a social enterprise dedicated to promoting entrepreneurship in South Africa. Fetola has established an enterprise development fund for businesses to invest in and get enterprise development points in return. Fetola also helps businesses nurture entrepreneurs in its

supply chain and earn further BEE points.

A social enterprise can help businesses to improve their surroundings. Cape Town Partnership works to create a healthy, vibrant and inclusive city for future generations – a city that is also good for business. This purpose, combined with its track record, makes it worthwhile for businesses to fund and collaborate with them.

They can help businesses run responsibly and honour their social and environmental responsibilities. For example, the Heart and Stroke Foundation strives to reduce the incidence of heart disease and strokes in South Africa. It also sells a Heart Mark certification to retailers and restaurants that want to serve heart-friendly food and show that they care.

These are just some of the strategies that can be used to partner with businesses.

It is better to enter into a mutually beneficial relationship with a business than to see it as source of funding. This will unlock a far greater and more stable pool of funds for your enterprise.

- Marcus Coetzee is a strategist specialising in social enterprises.

take on interns prior to the programme even starting. Currently, CapaCiti works with all four of the city's universities as well as with other training providers to offer IT training to students who do not always have an IT background or qualification.

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# Invo Tech to expand to rest of KZN

At only three years old, the Durban-based Innovation Technology Business Incubator better known as Invo Tech has big plans to one day produce at least one multi-national company. Small Business Connect spoke to chief executive Senzo Xulu to learn more about this and the plans to expand to Pietermaritzburg.

**What is the name of your incubator and the meaning behind it?**

The name of the incubator is Innovation Technology Business Incubator trading as Invo Tech.

**How would you describe your focus?**

Our focus is on nurturing the development of technology. Our focus is also based on innovative ideas specifically in the green and digital creative industries.

**Where are you based and from which areas do you recruit new incubatees?**

Our head office is based on the Durban University of Technology's ML Sultan campus. We also have our Digital Creative Hub which is based in Durban as well. At the moment we only assist businesses situated within KwaZulu-Natal. The bulk of our incubatees are from Durban.

**Which businesses are best suited to join?**

Businesses operating or intending to operate within the green and digital creative industries that have innovative ideas that they plan to commercialise.

**How does one apply?**

The application and procedure is available from our website [www.invotech.dut.ac.za](http://www.invotech.dut.ac.za).

**How long do businesses stay in your programmes?**

On average it takes about three years and the duration mostly depends on the nature of challenges the incubatee encounters during its development phase.

**What are the two key elements of your support that sets you apart from other incubators?**



Senzo Xulu

We focus on Innovative Technology driven ideas during the early stage or initial stage of development. Our focus is also on developing mutually beneficial relationships.

**How long have you been going for?**

Three years now.

**How many businesses have been incubated with your support?**

To date 19 businesses have graduated from the incubation programme and 18 of these are still going today. In total they have created 68 job opportunities to date.

**How many incubatees are simultaneously in your programmes?**

To date we have 95 incubatees. This number include both the tenants who operate from our premises and virtual clients who operate outside our premises.

**What are your fees?**

We do not charge any fees.



Vish Eraman (centre) pictured with business partners Patrick Chamane and Sba Nkwanyana.

## Durban hub gives business a new home

OPERATING from a family bedroom until late last year, to building partnerships with big names in the information technology sector is how Vish and Ishka Eraman have been able to grow their business since taking up occupancy at the Innovation Technology Business Incubator.

**How long have you participated in the incubator programme and when will you exit?**

Meeting Invotech happened by chance when we were hosted by the Department of Education and Invotech at the launch of our E-learning system for schools in 2013. I gradually got to know

**What commitments do incubatees make before they enter your programme? And what commitment do you make to them?**

We treat them with empathy, respect and to be transparent in the manner we do things. The biggest commitments that incubatees is to be honest and focus on their ideas.

**What are the average sales of your incubatees over a year in your programme? After two years? After three years?**

The average sales is currently around R 55 000 per month.

**What is the best thing you**

the operations of Invotech and realised the invaluable role this organisation could play in our fledgling company. We decided to join and we will remain with the programme for the next 12 months due to the value it adds to our company.

**By how much did your turnover and profitability grow after joining?**

Whilst being home based our company generated no profits. It has been funded entirely by Ishka Eraman. Now that we are part of the incubation programme and the steady growth of our client base makes us highly optimistic in believing that we will become

**heard someone say about your incubator?**

"At least you guys care".

**And the worst?**

"You over promised me".

**What was your biggest success thus far?**

Securing R5 million of seed funding from the Technology Innovation Agency to assist with the proof of concept or prototype development for clients developing technologies within the green industries.

**And biggest failure?**

It has to be our failure to secure funding to open a new office in Pietermaritzburg. We have not given up and we are

profitable within the next few months.

**What are the biggest benefits you've received from the programme?**

The best benefit we derive from the programme is surprisingly the human element. The staff and managers of Invotech have been amazing and we value their input.

**What would you suggest be added or changed to make the programme better?**

The programme needs to be more widely marketed so that the public can be better aware of the benefits that entrepreneurs have.

trying new avenues.

**Why are you involved in supporting new businesses?**

We want one day to able to point at at least one multi national company and proudly claim that we assisted them during their foundation days.

**What is your biggest wish for improving the support to entrepreneurs in South Africa right now?**

I think we need a more coordinated effort between the institutions that support entrepreneurs.

- For a comprehensive list of incubators, go to [www.SmallBusinessConnect.co.za/lists](http://www.SmallBusinessConnect.co.za/lists)





# Business Support Service Directory

## The Department of Trade and Industry (DTI)

- Implements most of government's business-related policies, including that of small business promotion
- Industrial and export development through for instance incentives and grants
- Development of small businesses through various DTI agencies such as Seda (see below in the directory)
- Direct support to entrepreneurs through incentive schemes and trade programmes
- Grants for black-owned businesses as well as those in manufacturing and exporting

0861 843 384  
contactus@thedti.gov.za  
www.thedti.gov.za

## North West Development Corporation (NWDC)

- Small businesses of the North West Province
- Startup funding for new businesses
- General finance for the expansion of existing businesses
- Bridging finance
- Business advice, mentorship and coaching
- Must be registered as a sole proprietor, close corporation, partnership or company
- Must have valid tax clearance certificate, business profile, business plan and security in the form of a grant, title-deed, insurance policy or investment suretyship

018 381 3663  
www.nwdc.co.za

## The Business Place (TBP)

- Support to entrepreneurs through various national centres
- One-on-one support Business opportunities, relevant business information and resources
- Refer clients to the best suited business development service providers, government resources and financial institutions
- Free internet access for business research
- Legal advice, micro-MBA practical training, business-to-business networking opportunities, workshops
- Free use of the meeting and training rooms

011 833 0340  
network@tbp.co.za  
www.thebusinessplace.co.za

## Free State Development Corporation (FDC)

- Official economic development, trade and investment corporation for the Free State
- Funding, business loans, equity and investments
- Training, coaching and mentoring
- Partner support services
- Assist with export-readiness and development services
- Premises at affordable rates
- Incentives and special discounts for BEE companies

051 400 0800  
lesley@fdc.co.za  
www.fdc.co.za

## Small Enterprise Finance Agency (Sefa)

- Government's primary small business funding agency
- Launched due to merger between agencies such as Khula and Samaf
- Direct lending products to small businesses
- Wholesale lending products aimed at intermediaries who have small businesses clients

086 000 7332  
helpline@sefa.co.za  
www.sefa.org.za

## Limpopo Economic Development Agency (Leda)

- Finance to small businesses within the Limpopo province
- A range of information sources such as a quarterly newsletter, monthly information sheets and occasional booklets
- Business support and training services
- Non-financial support services

015 633 4700  
www.leda.co.za

## Royal Bafokeng Enterprise Holdings (RBEH)

- Community-based investment company
- Strives to improve economic well-being by investing in businesses that will generate returns
- RBEH teamed up with The Business Place in Phokeng for small business support services to startups, very small, survivalist and micro businesses

www.bafokengholdings.com

## National Empowerment Fund (NEF)

- Funding of black-owned and empowered businesses
- Woman-owned and other targeted business funding
- Investor Education/NEF iMbizo
- Post investment mentorship
- Be older than 18 years, the business must be economically viable and must not be involved in illegal practices, tobacco or gambling

011 305 8000  
applications@nefcorp.co.za  
www.nefcorp.co.za

## Mpumalanga Economic Growth Agency (Mega)

- Supports qualifying businesses and individuals from Mpumalanga, who've been previously disadvantaged
- Funds housing, agricultural de-velopment and business growth
- From R10 000 to R3 million
- Valid South African identity document, be between 18 and 65 years and access to land or production facilities

013 752 2440  
www.mega.gov.za

## Companies and Intellectual Property Commission (CIPC)

- Provide accessible registration services for businesses intellectual property and practitioners
- Maintain and disclose relevant information regarding business entities, business rescue practitioners, corporate conduct and reputation, intellectual property rights and indigenous cultural expression
- Increases awareness and knowledge of relevant laws
- Help take the necessary steps to visibly, effectively and efficiently monitor and enforce compliance with the laws the CIPC administer

086 100 2472  
info@cipc.co.za  
www.cipc.co.za

## Small Enterprise Development Agency (Seda)

- Business development support for business owners
- Training programmes for startups, co-operatives and franchisees
- Sponsor between 60% and 90% of fees of an approved service provider
- Tender advice, networking and business linkages opportunities
- Technical support
- Export readiness assessment for business owners
- Be 18 years or older, able to run the business on a full-time basis and have a valid South African Identify Document

0860 103 703  
info@seda.org.za  
www.seda.org.za

## National Youth Development Agency (NYDA)

- Supports South African youth who are between 14 and 35 years old with support and funding
- Mentorship, skills training and entrepreneurial development
- Loan funding
- Health awareness programmes
- Involvement in sport
- Business must be economically viable and cannot be involved in gambling, tobacco, property development or any illegal practices
- Be 35 or younger and hold greater than 50% of the shares in the company and be operationally involved in the business

080 052 5252  
www.nyda.gov.za

# Growth up thanks to RBEH

BY DANIEL BUGAN

WHEN Pascal Mmamogopodi approached the Royal Bafokeng Enterprise Holdings last year for help with his business, he didn't expect to land a contract that would push his turnover up 40%.

Royal Bafokeng Enterprise Holdings works with business support organisation The Business Place in Phokeng, in the North West to assist small enterprises with advice and support such as free internet, mentoring and coaching as well as partnerships with large companies and mines.

Mmamogopodi started Pascal Chicken Distributors in November last year and approached Royal Bafokeng Enterprise Holdings for help drawing up business plan after he identified a gap in the market.

"I noticed that people in the township and villages of Bafokeng struggled to get access to fresh chicken.

I decided to supply them with chickens but needed entrepreneurial guidance to make it happen," he explains, adding that it was a friend who referred him to the organisation.

A consultant at the organisation helped him to then register his chicken supply and distribution business and referred him to workshops and seminars on accounting and cashflow management.

"They (Royal Bafokeng) also helped me prepare my business plan and my sales pitch to Rainbow Chicken to persuade them to consider me as a distributor," he adds.

His proposal was accepted and within four months he became a preferred distributor



Pascal Mmamogopodi landed a contract via the RBEH.

for the chicken producer. But, that was not all.

"They (Royal Bafokeng) also negotiated for me to enter into a partnership with a company, Tuna Care, which has a contract with Blue Ribbon to distribute its bread.

They gave me the rights to sell and distribute bread to clients in various villages in Bafokeng."

He adds that as a result of all the work that has come his way his monthly turnover has increased by about 40% since he started. Today his biggest challenge is the cost of fuel, which has forced him to change the way he does business.

"Where I used to drive to customers to collect orders, I now take orders on the phone

and then only do deliveries. This saves me costs on fuel every month," he explains.

He plans to acquire more routes to sell and deliver bread and chicken and to employ more local people. Ratanang Selomane, enterprise development consultant at Royal Bafokeng Enterprise Holdings, says the organisation has so far assisted 567 small businesses since it started operations.

He says to get assistance from the organisation business owners must be registered for tax and be BEE compliant. Businesses also require a letter of acceptance from the tribal authority in Bafokeng.

• For more information email [tebogo.sedumede@bafokeng.com](mailto:tebogo.sedumede@bafokeng.com).



# CIPC wiki launch

A SERIES of shows, hosted by Herman Tefo, with the Companies Intellectual Property Commission (CIPC) highlighted the need for an information tool on business registration and intellectual property concerns.

It is for this reason that the CIPC user guide was launched last month during the Candid Conversations with the CIPC show. The show ran over a series of nine weeks which saw the CIPC engage directly with its customers in an effort to address the query backlog and to provide a better service.

Small Business Connect Publisher Christoff Oosthuysen says that the site is meant to be a "for the users by the users".

"It is a place where people can contribute by answering questions themselves as (CIPC) users realise that some steps work better than others," says Oosthuysen.

These contributions will be subject to moderation and Oosthuysen adds that the CIPC will usually have the most accurate



Herman Tefo

answer. CIPC commissioner Astrid Ludin says she is excited about the new site, as she has been with the show.

"I think that the userguide is a tool that everyone can use. It shows that if we all work together - the CIPC and users - we can ensure that there is a better user experience for everyone. The results of a poll which was run



Astrid Ludin

during the show, revealed that 75% of users would be willing to occasionally contribute to the site and another 20% are prepared to do it every week. Business owners who are interested in contributing to the CIPC userguide will have to register before being able to submit answers to questions.

- For more information, go to [www.cipcUserGuide.co.za](http://www.cipcUserGuide.co.za).



Join the Small Business Connect online show.  
Go to [www.SmallBusinessConnect.co.za/join](http://www.SmallBusinessConnect.co.za/join).

## Readers of the month



Penelope Swartz

SINCE receiving an electronic copy of Small Business Connect via email, an informal business owner is now on a mission to register her bag manufacturing business.

Penelope Swartz, the owner of P.S., says she read Small Business Connect for the first time late last year.

"The stories in the newspaper inspires and motivates me to get getting my business registered," says Swartz. She adds that it has also helped her keep her focus on growing her business by launching a denim children's range.

Swartz is currently selling her bags from home, but hopes to open a shop once everything is formalised.



Amina Smith

AMINA Smith says she enjoys reading the success stories in Small Business Connect.

Like those entrepreneurs, her story is a success too.

Smith, who first picked up a copy of the newspaper at the Small Enterprise Development Agency in January, has been an entrepreneur for more than 17 years. She is the owner of Management Services – a business she started in 1998.

"I used to do bookkeeping and business plans, but in 2007 my clients closed down and I lost a lot of business," says Smith.

She then went on a proactive coaching course and by 2010 had changed the focus of her business to mentoring and coaching.



Buhle Ndamase

SMALL Business Connect provides information that is vital to young entrepreneurs.

This is what the owner of film and video production business, Sivu Buhle Media, Buhle Ndamase believes.

Ndamase first started reading the newspaper in June last year and then started his Eastern Cape-based business in August.

"Since then the newspaper has helped me to identify agencies such as the National Youth Development Agency that could help my business with funding," says Ndamase. His advice to other readers is that growing a business is about being having ambition and taking calculated risks.

Join the discussion on Facebook  
[www.facebook.com/SASBconnect](http://www.facebook.com/SASBconnect)



### SMALL BUSINESS CONNECT CHAMPION

Thanks to the information obtained from Small Business Connect, Simphiwe Ntlantsana and his business partner Sakhumzi Klaas feel confident when making business decisions and dealing with clients.

The pair - who started Ntlantsana Accountants and Auditors in February 2012 - also recently joined the list of organisations, businesses and government departments that distribute the newspaper.

The business provides business consulting services.

"We are still new to the distribution list within Queenstown, but we are growing our clients who are entrepreneurs, and also our business too in the process. This newspaper is awesome as it talks about current business matters, Companies Intellectual Property Commission, South African Revenue Service, successful entrepreneurs and both private and public sector information," says Ntlantsana.

He adds that the newspaper is a breath of fresh air to entrepreneurs who frequent his business.

"Any business person need this paper in order to grow and run a successful business. The information is fresh, factual, no gossip, real business matters relevant to our clients," says



Simphiwe Ntlantsana




Sakhumzi Klaas

Ntlantsana.

He adds that his business clients enjoy reading the newspaper as it acts as a source of "live coverage of entrepreneurship".

- If you are one of Small Business Connect's distributors, you could be featured in the next edition. Simply email your photograph and contact details to [Newsdesk@SmallBusinessConnect.co.za](mailto:Newsdesk@SmallBusinessConnect.co.za).



"I am really impressed with Small Business Connect. It brings inspiration to the hearts and minds of our people."  
Nonyane Solly of Refentse Developments